

## Message Text

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ORIGIN SP-02

INFO OCT-01 ISO-00 AF-10 ARA-06 EA-07 EUR-12 NEA-10  
SSO-00 INRE-00 USIE-00 PM-04 NSC-05 SS-15 L-03  
INR-07 PA-01 PRS-01 ACDA-07 MC-02 OMB-01 TRSE-00  
EB-07 OES-07 CCO-00 SSM-03 DHA-02 ERDA-05 NSAE-00  
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DRAFTED BY S/P:JKAHAN  
APPROVED BY PM:RBARTHOLOMEW  
S/P:PKREISBERG / D:DLAMB  
T:SLEDOGAR / DOD/ISA:LDAVIS  
NEA:ADUBS/NVELIOTES  
EUR:JHAWES  
EA:WGLEESTEEN / ACDA:RBEHR  
PM:RAERICSON /NSC:JTUCHMAN  
A/F:WLEWIS / S/S:SGOLDSMITH  
ARA:LEINAUDI

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FM SECSTATE WASHDC  
TO ALL DIPLOMATIC POSTS IMMEDIATE  
USDEL SECRETARY IMMEDIATE  
AMEMBASSY BEIRUT IMMEDIATE  
INFO AMEMBASSY COTONOU IMMEDIATE IMMEDIATE  
AMEMBASSY DAR ES SALAAM IMMEDIATE  
AMCONSUL DJIBOUTI IMMEDIATE  
AMEMBASSY FREETOWN IMMEDIATE  
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AMEMBASSY MBABANE IMMEDIATE  
AMEMBASSY MOGADISCIO IMMEDIATE  
AMEMBASSY NDJAMENA IMMEDIATE  
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AMEMBASSY NIAMEY IMMEDIATE  
AMEMBASSY NOUAKCHOTT IMMEDIATE  
AMEMBASSY PORT LOUIS IMMEDIATE  
AMEMBASSY ANTANANARIVO IMMEDIATE  
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C O N F I D E N T I A L STATE 115244 TOSEC 040353

S/S FOR GELB - ZFF4 FOR SECRETARY ONLY

E.O. 11652: GDS

TAGS: MASS

SUBJECT: US ARMS SALES POLICY

1. PUBLIC ANNOUNCEMENT OF PRESIDENT'S DECISION ON NEW US  
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ARMS SALES POLICY HAS JUST BEEN ISSUED BY THE WHITE HOUSE.  
TEXT OF PUBLIC ANNOUNCEMENT IS BEING SENT SEPTTEL TO ALL  
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2. ON RECEIPT OF PUBLIC STATEMENT, ACTION ADDRESSEES ONLY  
SHOULD PRESENT TEXT TO HOST GOVERNMENT, DRAWING ON  
TALKING POINTS GUIDANCE PROVIDED BELOW. APPROACH SHOULD  
BE AT HIGHEST APPROPRIATE FOREIGN MINISTRY LEVEL. (USUN TO  
SENIOR SECRETARIAT OFFICIALS: US NATO GIVE TEXT TO LUNS  
AND OTHER PERMREPS.)

3. PENDING RECEIPT OF PUBLIC STATEMENT AND PRIOR TO  
APPROACH FOLLOWING SHOULD BE CLOSELY HELD.

4. FYI: FOR LONDON, PARIS, BRUSSELS, THE HAGUE, OSLO,  
COPENHAGEN, ATHENS, BONN, LUXEMBOURG, ROME, LISBON, ANKARA,  
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MADRID, STOCKHOLM, BERN, VIENNA, BELGRADE, MOSCOW, PRAGUE

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;DAD, MANAMA, BEIRUT, AMMAN, JIDDA, KUWAIT, DOHA, SAUDI ARABIA,  
MUSCAT, ABU DHABI, TEHERAN, SANA, TEL AVIV, ISLAMABAD,  
NEW DELHI: SPECIAL ADDITIONAL GUIDANCE REGARDING

ANTICIPATED CONCERNS OF SPECIAL INTEREST TO HOST GOVERNMENTS IS BEING SENT SEPTEL. THESE TALKING POINTS SHOULD BE DRAWN UPON AS APPROPRIATE AFTER PRESENTATION OF BASIC POLICY. END FYI.

5. FYI: FOR ARA POSTS: NO SPECIFIC GUIDANCE IS BEING PROVIDED BEYOND GENERAL TALKING POINTS BECAUSE NEW POLICY HAS LITTLE EFFECT ON US POLICIES AND PROCEDURES GOVERNING ARMS TRANSFERS TO YOUR HOST COUNTRIES. END FYI.

6. IF HOST GOVERNMENT OFFICIALS RAISE QUESTIONS BEYOND THOSE DEALT WITH IN GENERAL AND SPECIFIC GUIDANCE GIVEN, CONFIDENTIAL

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EMBASSIES SHOULD OFFER TO REFER THESE QUESTIONS TO DEPARTMENT AND NOT REPEAT NOT GO BEYOND GUIDANCE PROVIDED.

7. TALKING POINTS ON BASIC ARMS SALES POLICY FOLLOW:

A. BACKGROUND

-- THE PRESIDENT'S INTEREST IN RE-EXAMINING US ARMS TRANSFER POLICY IS BASED ON HIS VIEW THAT ARMS TRANSFERS IN RECENT YEARS HAVE PLAYED TOO LARGE A ROLE IN US FOREIGN POLICY.

-- THE PRESIDENT ALSO BELIEVES THAT THE WORLDWIDE ARMS TRADE HAS REACHED QUANTITATIVE AND QUALITATIVE LEVELS THAT REQUIRE RESTRAINT BY ALL COUNTRIES, RECIPIENTS AS WELL AS SUPPLIERS.

-- THE PRESIDENT'S DECISIONS FOLLOWED AN EXTENSIVE INTERAGENCY STUDY, DELIBERATIONS BY THE NSC, AND CONSULTATIONS WITH THE CONGRESS.

-- THE SUBJECT IS VERY COMPLEX AND ENCOMPASSES A LARGE NUMBER OF LEGITIMATE, BUT COMPETING, INTERESTS. THE PRESIDENT'S DECISIONS TAKE THESE CONFLICTING INTERESTS INTO ACCOUNT AND ATTEMPT TO ESTABLISH A POLICY THAT WE BELIEVE SERVES BOTH THE INTERESTS OF INTERNATIONAL PEACE AND STABILITY AND OVERALL US NATIONAL INTERESTS.

B. NEW ARMS TRANSFER POLICY

OVERVIEW

-- THE PRESIDENT'S NEW ARMS TRANSFER POLICY WILL BE CHARACTERIZED BY RESTRAINT.

-- IT HAS A NEW RESTRICTIVE PRESUMPTION AS THE STARTING  
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POINT IN DECIDING ABOUT NEW COMMITMENTS.

-- IT SHIFTS THE BURDEN OF PROOF FROM THOSE WHO OPPOSE  
A PARTICULAR ARMS TRANSFER COMMITMENT TO THOSE WHO REQUEST  
OR SUPPORT IT.

-- AS A LEADING ARMS SUPPLIER, THE US HAS  
THE RESPONSIBILITY TO TAKE THE LEADING ROLE IN PROMOTING  
CONVENTIONAL ARMS RESTRAINTS. THE ULTIMATE SUCCESS OF THE  
POLICY, HOWEVER, WILL DEPEND IN LARGE MEASURE UPON THE  
COOPERATION OF OTHER ARMS SUPPLIERS AND RECIPIENTS.

POLICY OF RESTRAINT

-- ARMS TRANSFERS NO LONGER WILL BE A ROUTINE FOREIGN  
POLICY INSTRUMENT THAT IS USED TO SERVE A WIDE DIVERSITY  
OF PURPOSE. HENCEFORTH, ARMS TRANSFERS WILL BE AN  
EXCEPTIONAL FOREIGN POLITY TOOL, USED WITH DISCIPLINE,  
SOLELY TO SERVE (A) US NATIONAL SECURITY INTERESTS AND (B)  
THE LEGITIMATE SECURITY REQUIREMENTS OF OUR ALLIES AND  
CLOSE FRIENDS. THE NEW POLICY OF ARMS TRANSFER RESTRAINT  
WILL NOT JEOPARDIZE OUR VALUABLE RELATIONSHIPS.

-- ARMS TRANSFERS WILL BE RESTRAINED IN THE FOLLOWING  
WAYS:

-- THE DOLLAR VOLUME OF ARMS TRANSFERS WILL BE REDUCED;

-- THE SOPHISTICATION OF THE TECHNOLOGY EXPORTED WILL BE  
LIMITED;

-- THE SPREAD OF ADVANCED WEAPONS WILL BE SLOWED;

-- STIMULATION OF REQUESTS FOR US ARMS ARISING FROM  
USG ACTIVITIES OR COMMERCIAL PRACTICES WILL BE CURTAILED.

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-- THE NEW POLICY OF ARMS TRANSFER RESTRAINT ALSO WILL  
BE IMPLEMENTED IN A MANNER THAT WILL PROMOTE AND ADVANCE  
RESPECT FOR HUMAN RIGHTS AND WILL TAKE INTO ACCOUNT ANY  
ADVERSE IMPACT ON THE ECONOMIES OF LESS DEVELOPED  
RECIPIENTS.

-- THIS POLICY IS INTENDED TO:

-- ENCOURAGE A WORLDWIDE REDUCTION IN THE VOLUME OF ARMS

TRANSFERS AND LESSEN THE RELIANCE ON MILITARY FORCE AS AN  
INSTRUMENT OF POLICY;

-- LIMIT ARMS RACES, THE DIVERSION OF SCARCE RESOURCES,  
AND THE INTENSITY OF CONFLICT SHOULD IT OCCUR;

-- REDUCE THE PROBABILITY OF US INVOLVEMENT IN LOCAL  
CONFLICTS, AND MODERATE SUPERPOWER COMPETITION IN THE  
THIRD WORLD, IN CASES IN WHICH US ARMS TRANSFERS CAN HAVE  
THIS EFFECT.

NEED FOR INTERNATIONAL RECIPROCITY

-- THE US CAN ASSUME A LEADERSHIP ROLE IN RESTRAINING  
ARMS TRANSFERS BUT CANNOT ACHIEVE THESE PURPOSES  
UNILATERALLY.

-- THE ABILITY OF THE US TO SUSTAIN THIS POLICY OVER  
THE LONG RUN DEPENDS ON THE COOPERATION OF OTHER SUPPLIERS  
AND RECIPIENTS.

-- NOTHING IN THIS POLICY WILL DISADVANTAGE OUR ALLIES  
AND FRIENDS IF OTHER SUPPLIERS ARE ARMING THEIR ADVERSARIES.  
MAINTAINING RELATIONSHIPS

-- ARMS TRANSFERS WILL CONTINUE TO BE USED TO ADVANCE  
US NATIONAL SECURITY INTERESTS AND TO MEET THE LEGITIMATE  
SECURITY REQUIREMENTS OF OUR ALLIES AND CLOSE FRIENDS.  
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(NOTE: TO BE USED AS APPROPRIATE IN LIGHT OF SPECIFIC  
NEEDS IN EACH COUNTRY.)

-- WE ARE DISCIPLINING AND RESTRAINING OUR USE OF ARMS  
TRANSFERS. WE ARE NOT ELIMINATING THEM.

-- THE US WILL REMAIN FAITHFUL TO ITS TREATY OBLIGATIONS.

-- IN RECOGNITION OF OUR SPECIAL TREATY OBLIGATIONS WITH  
NATO COUNTRIES, JAPAN, AUSTRALIA, AND NEW ZEALAND, THESE  
COUNTRIES WILL BE EXEMPTED FROM THE CONTROLS ESTABLISHED  
IN THE PRESIDENT'S POLICY.

-- THE US WILL HONOR ITS HISTORIC RESPONSIBILITIES  
REGARDING ISRAEL'S SECURITY.

-- THE NEW POLICY ALSO PERMITS THE PRESIDENT TO ACT IN  
CASES OF OVERRIDING NATIONAL INTEREST BY MAKING INDIVIDUAL  
EXCEPTIONS TO ANY OF THE DIRECTIVE'S RESTRICTIONS OR  
PROHIBITIONS. IN PARTICULAR, THE PRESIDENT MAY DETERMINE  
THAT COUNTRIES FRIENDLY TO THE US REQUIRE ADVANCED WEAPONS  
TO OFFSET QUANTITATIVE AND OTHER DISADVANTAGES IN ORDER TO  
MAINTAIN A REGIONAL BALANCE.

-- THE PRINCIPLE OF RESTRAINT IS MAINTAINED BY THE  
REQUIREMENT THAT SUCH EXCEPTIONS WILL BE MADE ONLY IN  
EXTRAORDINARY CIRCUMSTANCES AND MUST BE PERSONALLY APPROVED

BY THE PRESIDENT.

FULFILLING COMMITMENTS

-- THE NEW POLICY RECOGNIZES THAT PREVIOUS POLICIES AND DECISIONS HAVE CREATED A NUMBER OF COMMITMENTS, THE MAINTENANCE OF WHICH IS IMPORTANT TO US FOREIGN POLICY INTERESTS.

-- CONSEQUENTLY, THE NEW POLICY WILL NOT HAVE IMMEDIATE CONFIDENTIAL

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AND DRAMATIC EFFECTS ON DELIVERIES.

-- THE POLICY CONCENTRATES ON RESTRAINING NEW COMMITMENTS FOR ARMS TRANSFERS. EXCEPT IN UNUSUAL CIRCUMSTANCES, ALREADY SIGNED CONTRACTS WILL BE HONORED AND DELIVERIES WILL BE MADE.

-- EXCEPT IN UNUSUAL CIRCUMSTANCES, THE US WILL CONTINUE TO SUPPORT SYSTEMS IT ALREADY HAS AGREED TO PROVIDE. THE NEW POLICY WILL NOT SUBSTANTIALLY AFFECT NEW ORDERS FOR SUCH FOLLOW-ON SUPPORT.

-- THE US WILL NOT AUTOMATICALLY REJECT REQUESTS FOR ARMS TRANSFERS FROM COUNTRIES WHICH HAVE NOT BEEN TRADITIONAL RECIPIENTS. WE WILL CONSIDER SUCH NEW REQUESTS ON A CASE-BY-CASE BASIS, FOLLOWING THE GUIDELINES OF THE NEW POLICY.

C. SPECIFIC GUIDELINES

DOLLAR VOLUME REDUCTIONS

-- THE FY 1978 DOLLAR VOLUME OF NEW COMMITMENTS FOR ARMS TRANSFERS WILL BE REDUCED FROM THE FY 1977 TOTAL.

-- THIS GUIDELINES APPLIES TO "WEAPONS AND WEAPONS-RELATED ITEMS." CONSEQUENTLY, SOME TRANSACTIONS (E.G., MANY CONSTRUCTION PROJECTS) WILL BE EXCLUDED.

-- IT IS THE ADMINISTRATION'S GOAL TO CONTINUE TO REDUCE THE DOLLAR VOLUME OF NEW COMMITMENTS IN EACH SUBSEQUENT YEAR.

-- THIS GUIDELINE APPLIES TO NEW COMMITMENTS, NOT DELIVERIES.

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-- NEW COMMITMENTS TO THE NATO COUNTRIES, JAPAN, AUSTRALIA, AND NEW ZEALAND WILL BE EXCLUDED FROM CALCULATIONS OF THE FY 1977 "BASE YEAR" AND FROM CALCULATIONS OF THE DOLLAR REDUCTIONS ACHIEVED IN SUBSEQUENT YEARS.

-- THIS GUIDELINE APPLIES TO THE FOREIGN MILITARY SALES (FMS) PROGRAM AND THE MILITARY ASSISTANCE PROGRAM (MAP). COMMERCIAL SALES ARE NOT INCLUDED.

-- BARRIERS TO THE DIVERSION OF SALES FROM FMS CHANNELS TO COMMERCIAL CHANNELS ALREADY EXIST (E.G., REQUIRES THAT SALES OF MAJOR DEFENSE EQUIPMENT OTHER THAN TO NATO COUNTRIES, IN EXCESS OF \$25 MILLION MUST BE FMS TRANS-ACTIONS).

-- ADMINISTRATIVE PROCEDURES WILL BE STRENGTHENED TO FURTHER REDUCE POSSIBLE DIVERSION (E.G., REFUSAL TO LICENSE THE COMMERCIAL EXPORTS OF COMBAT AND TANKER AIRCRAFT, WARSHIPS, MISSILES, ARMORED VEHICLES, AND ARTILLERY).

-- ALL CALCULATIONS WILL BE ON THE BASIS OF CONSTANT 1976 DOLLARS.

#### TRANSFERS OF NEW-DEVELOPED ADVANCED WEAPONS

-- THE TRANSFER OF ADVANCED WEAPONS SYSTEMS MUST BE A MAJOR CONCERN OF ANY POLICY OF RESTRAINT.

-- THE PRESIDENT'S DIRECTIVE CONCERNING THE TRANSFERS OF ADVANCED SYSTEMS HAS THREE PARTS:

-- "NO FIRST INTRODUCTION." THE US WILL NOT BE THE FIRST SUPPLIER TO INTRODUCE AN ADVANCED WEAPONS SYSTEM INTO A REGION WHICH CREATES A NEW OR SIGNIFICANTLY HIGHER CONFIDENTIAL

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#### COMBAT CAPABILITY IN THE AREA.

-- THIS STANDARD TAKES ACCOUNT OF THE FACT THAT COMBAT CAPABILITY ALREADY VARIES FROM REGION TO REGION: A WEAPONS SYSTEM WHICH REPRESENTED A HIGHER COMBAT CAPABILITY IN ONE REGION MIGHT NOT AFFECT THE LEVEL OF COMBAT CAPABILITY IN ANOTHER REGION.

-- TIMING OF ARMS TRANSFER COMMITMENTS. THE US WILL NOT ENTER INTO COMMITMENTS TO SELL OR PERMIT COPRODUCTION OF AN ADVANCED SYSTEM UNTIL THE SYSTEM IS OPERATIONALLY DEPLOYED WITH US FORCES IN THE FIELD.

-- SINCE THIS GUIDELINE AFFECTS ARMS TRANSFER COMMIT-

MENTS RATHER THAN ACTUAL TRANSFERS, IT COULD HAVE THE EFFECT OF POSTPONING DELIVERIES TO RECIPIENTS UNTIL THE SYSTEM HAS BEEN DEPLOYED WITH US FORCES FOR A YEAR OR MORE.

-- MORE EXTENSIVE GUIDELINES. REQUESTS FOR THE TRANSFER OF ADVANCED SYSTEMS WILL BE MEASURED AGAINST NEW AND MORE STRINGENT STANDARDS. SYSTEMS WILL BE SUPPLIED ONLY IF:

-- THEY WILL UNIQUELY STRENGTHEN THE REQUESTOR'S ABILITY TO PERFORM MILITARY FUNCTIONS WHICH SERVE US SECURITY INTERESTS;

-- TECHNOLOGICALLY LESS ADVANCED SYSTEMS WITH ADEQUATE CAPABILITIES ARE NOT AVAILABLE FROM THE US;

-- THEY WILL NOT REQUIRE THE PRESENCE OF LARGE NUMBERS OF US CITIZENS IN THE RECIPIENT COUNTRY FOR LONG PERIODS OF TIME.

-- UPON A PRESIDENTIAL DETERMINATION THAT ADVANCED WEAPONS ARE REQUIRED TO OFFSET QUANTITATIVE OR OTHER CONFIDENTIAL

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DISADVANTAGES IN ORDER TO MAINTAIN A REGIONAL BALANCE, RESTRICTIONS ON THE TRANSFER OF ADVANCED SYSTEMS MAY BE WAIVED IN INDIVIDUAL CASES.

#### SYSTEMS DEVELOPED FOR EXPORT

-- UNIQUE ADVANCED WEAPONS SYSTEMS THAT ARE DEVELOPED OR SIGNIFICANTLY MODIFIED SOLELY FOR EXPORT MAY BE TRANSFERRED ONLY WITHIN THE TREATY RELATIONSHIPS REFERRED TO ABOVE.

#### CO-PRODUCTION

-- THE US WILL NOT ENTER INTO NEW AGREEMENTS FOR THE COPRODUCTION OF SIGNIFICANT WEAPONS, EQUIPMENT, OR MAJOR COMPONENTS EXCEPT SUBJECT TO THE QUALIFICATIONS STATED ABOVE.

-- COPRODUCTION OF OTHER ITEMS, INCLUDING THE ASSEMBLY OF SUB-COMPONENTS AND THE MANUFACTURE OF HIGH TURNOVER SPARE PARTS, MAY BE PERMITTED.

-- SUCH REQUESTS WILL BE REVIEWED TO ENSURE THAT THE PRODUCTION WHICH RESULTS IN PREDOMINANTLY OR EXCLUSIVELY REQUIRED FOR THE COPRODUCER'S OWN USE AND IS NOT DESTINED FOR EXPORT TO THIRD COUNTRIES.

-- CONDITIONS UNDER WHICH EXPORT TO THIRD COUNTRIES OF THE COPRODUCTION ITEMS WILL BE PERMITTED, IF AT ALL,



WILL BE EXPLICITLY STATED IN THE COPRODUCTION AGREEMENT.

-- EXISTING LAWS AND REGULATIONS ALREADY REQUIRE A  
RECIPIENT TO AGREE NOT TO TRANSFER US PROVIDED DEFENSE  
ARTICLES OR TECHNOLOGY AND SERVICES TO A THIRD PARTY  
WITHOUT PRIOR US CONSENT.

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-- UNDER THE NEW POLICY, THE US MAY INCLUDE AN ABSOLUTE  
PROHIBITION AGAINST THE RE-TRANSFER OF CERTAIN ITEMS IN  
THE ORIGINAL TRANSFER AGREEMENT, I.E., NO REQUESTS FOR  
PERMISSION TO RE-TRANSFER WILL BE ENTERTAINED.

STIMULATION OF ARMS TRANSFER REQUESTS

-- THERE HAS BEEN SOME CONCERN THAT PREVIOUS US POLICIES  
AND PRACTICES MAY HAVE STIMULATED ARMS SALES. THE NEW  
POLICY SEEKS TO REDUCE ANY SUCH INCENTIVES.

-- IT REQUIRES ADVANCE STATE DEPARTMENT PERMISSION  
BEFORE COMMERCIAL OR USG PROMOTIONAL ACTIVITIES MAY BE  
UNDERTAKEN.

-- THE SECRETARY OF DEFENSE IS CHARGED TO REVIEW GOVERN-  
MENT PROCEDURES THAT MAY TEND TO STIMULATE SALES AND TO  
REPORT ON HIS FINDINGS WITHIN 60 DAYS. CHRISTOPHER

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DRAFTED BY: EA/PRCM:RHART

APPROVED BY: EA/PRCM:HTHAYER

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FM SECSTATE WASHDC

TO USLO PEKING IMMEDIATE

C O N F I D E N T I A L STATE 115244

REF: PEKING 1017

FOLLOWING IS REPEAT STATE 115244, SENT ALL DIPLOMATIC POSTS,  
SECRETARY, BEIRUT, INFO COTONOU, DAR ES SALAAM, DJIBOUTI, FREETOWN,  
GABORONE, HONG KONG, KABUL, KIGALI, MAPUTO, MASERU, MBABANE,

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QUOTE C O N F I D E N T I A L STATE 115244 TOSEC 040353

S/S FOR GELB - ZFF4 FOR SECRETARY ONLY

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B. NEW ARMS TRANSFER POLICY

OVERVIEW

-- THE PRESIDENT'S NEW ARMS TRANSFER POLICY WILL BE CHARACTERIZED BY RESTRAINT.

-- IT HAS A NEW RESTRICTIVE PRESUMPTION AS THE STARTING POINT IN DECIDING ABOUT NEW COMMITMENTS.  
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UNILATERALLY.

-- THE ABILITY OF THE US TO SUSTAIN THIS POLICY OVER  
THE LONG RUN DEPENDS ON THE COOPERATION OF OTHER SUPPLIERS  
AND RECIPIENTS.

-- NOTHING IN THIS POLICY WILL DISADVANTAGE OUR ALLIES  
AND FRIENDS IF OTHER SUPPLIERS ARE ARMING THEIR ADVERSARIES.  
MAINTAINING RELATIONSHIPS

-- ARMS TRANSFERS WILL CONTINUE TO BE USED TO ADVANCE  
US NATIONAL SECURITY INTERESTS AND TO MEET THE LEGITIMATE  
SECURITY REQUIREMENTS OF OUR ALLIES AND CLOSE FRIENDS.

(NOTE: TO BE USED AS APPROPRIATE IN LIGHT OF SPECIFIC  
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NEEDS IN EACH COUNTRY.)

-- WE ARE DISCIPLINING AND RESTRAINING OUR USE OF ARMS  
TRANSFERS. WE ARE NOT ELIMINATING THEM.

-- THE US WILL REMAIN FAITHFUL TO ITS TREATY OBLIGATIONS.

-- IN RECOGNITION OF OUR SPECIAL TREATY OBLIGATIONS WITH  
NATO COUNTRIES, JAPAN, AUSTRALIA, AND NEW ZEALAND, THESE  
COUNTRIES WILL BE EXEMPTED FROM THE CONTROLS ESTABLISHED  
IN THE PRESIDENT'S POLICY.

-- THE US WILL HONOR ITS HISTORIC RESPONSIBILITIES  
REGARDING ISRAEL'S SECURITY.

-- THE NEW POLICY ALSO PERMITS THE PRESIDENT TO ACT IN  
CASES OF OVERRIDING NATIONAL INTEREST BY MAKING INDIVIDUAL  
EXCEPTIONS TO ANY OF THE DIRECTIVE'S RESTRICTIONS OR  
PROHIBITIONS. IN PARTICULAR, THE PRESIDENT MAY DETERMINE  
THAT COUNTRIES FRIENDLY TO THE US REQUIRE ADVANCED WEAPONS  
TO OFFSET QUANTITATIVE AND OTHER DISADVANTAGES IN ORDER TO  
MAINTAIN A REGIONAL BALANCE.

-- THE PRINCIPLE OF RESTRAINT IS MAINTAINED BY THE  
REQUIREMENT THAT SUCH EXCEPTIONS WILL BE MADE ONLY IN  
EXTRAORDINARY CIRCUMSTANCES AND MUST BE PERSONALLY APPROVED  
BY THE PRESIDENT.

FULFILLING COMMITMENTS

-- THE NEW POLICY RECOGNIZES THAT PREVIOUS POLICIES AND  
DECISIONS HAVE CREATED A NUMBER OF COMMITMENTS, THE  
MAINTENANCE OF WHICH IS IMPORTANT TO US FOREIGN POLICY  
INTERESTS.

-- CONSEQUENTLY, THE NEW POLICY WILL NOT HAVE IMMEDIATE

AND DRAMATIC EFFECTS ON DELIVERIES.

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-- THE POLICY CONCENTRATES ON RESTRAINING NEW COMMITMENTS FOR ARMS TRANSFERS. EXCEPT IN UNUSUAL CIRCUMSTANCES, ALREADY SIGNED CONTRACTS WILL BE HONORED AND DELIVERIES WILL BE MADE.

-- EXCEPT IN UNUSUAL CIRCUMSTANCES, THE US WILL CONTINUE TO SUPPORT SYSTEMS IT ALREADY HAS AGREED TO PROVIDE. THE NEW POLICY WILL NOT SUBSTANTIALLY AFFECT NEW ORDERS FOR SUCH FOLLOW-ON SUPPORT.

-- THE US WILL NOT AUTOMATICALLY REJECT REQUESTS FOR ARMS TRANSFERS FROM COUNTRIES WHICH HAVE NOT BEEN TRADITIONAL RECIPIENTS. WE WILL CONSIDER SUCH NEW REQUESTS ON A CASE-BY-CASE BASIS, FOLLOWING THE GUIDELINES OF THE NEW POLICY.

#### C. SPECIFIC GUIDELINES

##### DOLLAR VOLUME REDUCTIONS

-- THE FY 1978 DOLLAR VOLUME OF NEW COMMITMENTS FOR ARMS TRANSFERS WILL BE REDUCED FROM THE FY 1977 TOTAL.

-- THIS GUIDELINES APPLIES TO "WEAPONS AND WEAPONS-RELATED ITEMS." CONSEQUENTLY, SOME TRANSACTIONS (E.G., MANY CONSTRUCTION PROJECTS) WILL BE EXCLUDED.

-- IT IS THE ADMINISTRATION'S GOAL TO CONTINUE TO REDUCE THE DOLLAR VOLUME OF NEW COMMITMENTS IN EACH SUBSEQUENT YEAR.

-- THIS GUIDELINE APPLIES TO NEW COMMITMENTS, NOT DELIVERIES.

-- NEW COMMITMENTS TO THE NATO COUNTRIES, JAPAN, CONFIDENTIAL

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AUSTRALIA, AND NEW ZEALAND WILL BE EXCLUDED FROM CALCULATIONS OF THE FY 1977 "BASE YEAR" AND FROM CALCULATIONS OF THE DOLLAR REDUCTIONS ACHIEVED IN SUBSEQUENT YEARS.

-- THIS GUIDELINE APPLIES TO THE FOREIGN MILITARY SALES (FMS) PROGRAM AND THE MILITARY ASSISTANCE PROGRAM (MAP). COMMERCIAL SALES ARE NOT INCLUDED.

-- BARRIERS TO THE DIVERSION OF SALES FROM FMS CHANNELS

TO COMMERCIAL CHANNELS ALREADY EXIST (E.G., REQUIRES THAT SALES OF MAJOR DEFENSE EQUIPMENT OTHER THAN TO NATO COUNTRIES, IN EXCESS OF \$25 MILLION MUST BE FMS TRANS-ACTIONS).

-- ADMINISTRATIVE PROCEDURES WILL BE STRENGTHENED TO FURTHER REDUCE POSSIBLE DIVERSION (E.G., REFUSAL TO LICENSE THE COMMERCIAL EXPORTS OF COMBAT AND TANKER AIRCRAFT, WARSHIPS, MISSILES, ARMORED VEHICLES, AND ARTILLERY).

-- ALL CALCULATIONS WILL BE ON THE BASIS OF CONSTANT 1976 DOLLARS.

TRANSFERS OF NEW-DEVELOPED ADVANCED WEAPONS

-- THE TRANSFER OF ADVANCED WEAPONS SYSTEMS MUST BE A MAJOR CONCERN OF ANY POLICY OF RESTRAINT.

-- THE PRESIDENT'S DIRECTIVE CONCERNING THE TRANSFERS OF ADVANCED SYSTEMS HAS THREE PARTS:

-- "NO FIRST INTRODUCTION." THE US WILL NOT BE THE FIRST SUPPLIER TO INTRODUCE AN ADVANCED WEAPONS SYSTEM INTO A REGION WHICH CREATES A NEW OR SIGNIFICANTLY HIGHER COMBAT CAPABILITY IN THE AREA.  
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-- THIS STANDARD TAKES ACCOUNT OF THE FACT THAT COMBAT CAPABILITY ALREADY VARIES FROM REGION TO REGION: A WEAPONS SYSTEM WHICH REPRESENTED A HIGHER COMBAT CAPABILITY IN ONE REGION MIGHT NOT AFFECT THE LEVEL OF COMBAT CAPABILITY IN ANOTHER REGION.

-- TIMING OF ARMS TRANSFER COMMITMENTS. THE US WILL NOT ENTER INTO COMMITMENTS TO SELL OR PERMIT COPRODUCTION OF AN ADVANCED SYSTEM UNTIL THE SYSTEM IS OPERATIONALLY DEPLOYED WITH US FORCES IN THE FIELD.

-- SINCE THIS GUIDELINE AFFECTS ARMS TRANSFER COMMITMENTS RATHER THAN ACTUAL TRANSFERS, IT COULD HAVE THE EFFECT OF POSTPONING DELIVERIES TO RECIPIENTS UNTIL THE SYSTEM HAS BEEN DEPLOYED WITH US FORCES FOR A YEAR OR MORE.

-- MORE EXTENSIVE GUIDELINES. REQUESTS FOR THE TRANSFER OF ADVANCED SYSTEMS WILL BE MEASURED AGAINST NEW AND MORE STRINGENT STANDARDS. SYSTEMS WILL BE SUPPLIED ONLY IF:

-- THEY WILL UNIQUELY STRENGTHEN THE REQUESTOR'S ABILITY TO PERFORM MILITARY FUNCTIONS WHICH SERVE US SECURITY INTERESTS;

-- TECHNOLOGICALLY LESS ADVANCED SYSTEMS WITH ADEQUATE CAPABILITIES ARE NOT AVAILABLE FROM THE US;

-- THEY WILL NOT REQUIRE THE PRESENCE OF LARGE NUMBERS OF US CITIZENS IN THE RECIPIENT COUNTRY FOR LONG PERIODS OF TIME.

-- UPON A PRESIDENTIAL DETERMINATION THAT ADVANCED WEAPONS ARE REQUIRED TO OFFSET QUANTITATIVE OR OTHER DISADVANTAGES IN ORDER TO MAINTAIN A REGIONAL BALANCE, CONFIDENTIAL

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RESTRICTIONS ON THE TRANSFER OF ADVANCED SYSTEMS MAY BE WAIVED IN INDIVIDUAL CASES.

SYSTEMS DEVELOPED FOR EXPORT

-- UNIQUE ADVANCED WEAPONS SYSTEMS THAT ARE DEVELOPED OR SIGNIFICANTLY MODIFIED SOLELY FOR EXPORT MAY BE TRANSFERRED ONLY WITHIN THE TREATY RELATIONSHIPS REFERRED TO ABOVE.

CO-PRODUCTION

-- THE US WILL NOT ENTER INTO NEW AGREEMENTS FOR THE COPRODUCTION OF SIGNIFICANT WEAPONS, EQUIPMENT, OR MAJOR COMPONENTS EXCEPT SUBJECT TO THE QUALIFICATIONS STATED ABOVE.

-- COPRODUCTION OF OTHER ITEMS, INCLUDING THE ASSEMBLY OF SUB-COMPONENTS AND THE MANUFACTURE OF HIGH TURNOVER SPARE PARTS, MAY BE PERMITTED.

-- SUCH REQUESTS WILL BE REVIEWED TO ENSURE THAT THE PRODUCTION WHICH RESULTS IN PREDOMINANTLY OR EXCLUSIVELY REQUIRED FOR THE COPRODUCER'S OWN USE AND IS NOT DESTINED FOR EXPORT TO THIRD COUNTRIES.

-- CONDITIONS UNDER WHICH EXPORT TO THIRD COUNTRIES OF THE COPRODUCTION ITEMS WILL BE PERMITTED, IF AT ALL,

WILL BE EXPLICITLY STATED IN THE COPRODUCTION AGREEMENT.

-- EXISTING LAWS AND REGULATIONS ALREADY REQUIRE A RECIPIENT TO AGREE NOT TO TRANSFER US PROVIDED DEFENSE ARTICLES OR TECHNOLOGY AND SERVICES TO A THIRD PARTY WITHOUT PRIOR US CONSENT.

-- UNDER THE NEW POLICY, THE US MAY INCLUDE AN ABSOLUTE CONFIDENTIAL

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PROHIBITION AGAINST THE RE-TRANSFER OF CERTAIN ITEMS IN THE ORIGINAL TRANSFER AGREEMENT, I.E., NO REQUESTS FOR PERMISSION TO RE-TRANSFER WILL BE ENTERTAINED.

STIMULATION OF ARMS TRANSFER REQUESTS

-- THERE HAS BEEN SOME CONCERN THAT PREVIOUS US POLICIES AND PRACTICES MAY HAVE STIMULATED ARMS SALES. THE NEW POLICY SEEKS TO REDUCE ANY SUCH INCENTIVES.

-- IT REQUIRES ADVANCE STATE DEPARTMENT PERMISSION BEFORE COMMERCIAL OR USG PROMOTIONAL ACTIVITIES MAY BE UNDERTAKEN.

-- THE SECRETARY OF DEFENSE IS CHARGED TO REVIEW GOVERNMENT PROCEDURES THAT MAY TEND TO STIMULATE SALES AND TO REPORT ON HIS FINDINGS WITHIN 60 DAYS. CHRISTOPHER UNQTE CHRISTOPHER

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<< END OF DOCUMENT >>

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